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SUBJECT: EMBASSY MINSK WEEKLY REPORT - June 23, 2006

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¶1. The following are brief items of interest compiled by
Embassy Minsk.

International Relations

¶2. State Weekly Says Belarus Should Freeze Opposition U.S.
Accounts

On June 22, BelTA correspondent Viktor Lovgach wrote in the pro-government weekly "Seven Dnei" (Seven Days) that Alexander Lukashenko and his aides do not have accounts in U.S. banks and the US leadership simply ridicules itself with "menacing" statements about freezing Belarusian accounts. Lovgach suggested that in response Belarusian leadership should freeze the accounts of Belarusian opposition members who regularly travel to Washington. In an adjacent article, an unidentified author implied that several former leaders of corrupt regimes still have assets in US banks. For example, the author claimed that the former president of Philippines Ferdinand Marcos still resides in the United States and has about USD 10 billion U.S. accounts. [Note: Marcos died in 1989.]

¶3. Belarusian and Russian Lawmakers Concerned about Funding of
Union State Security Programs

On June 21, at a meeting in northern Belarus, a standing committee of the Belarusian-Russian Parliamentary Assembly expressed concern about inadequate funding for joint security and anti-crime programs. Russia's representative on the Committee on Security, Defense and Crime Prevention, Valery Bykov, said that financing has decreased because the countries failed to propose new programs. According to Bykov, Belarus and Russia were supposed to provide 260 million Russian rubles for security and crime prevention programs in 2006 but actual funding shrunk from 31.5 to 8.4 percent of the total Belarus-Russian union budget. Bykov also said that the Parliamentary Assembly should adopt a statement at its plenary meeting in connection with a planned gas-price hike for Belarus. Bykov explained, "I consider it is important for both Belarus and Russia. We should at least express our attitude to the issue or stop playing these games and declare that Belarus and Russia go their separate ways."

¶4. Belarus Recognizes Montenegro

On June 21, the Belarusian Foreign Ministry announced that Belarus recognizes Montenegro. The foreign office expressed "respect for the friendly Slavic state and hope for the development of mutually beneficial cooperation." Montenegro declared independence from Serbia early this month following its referendum on May 21.

15. Belarus Opposition Activist Jailed For 3 Years for Slandering Lukashenko

A Belarusian court sentenced opposition activist Nikolai Razumov to three years in jail for slandering President Alexander Lukashenko. During the presidential campaign of opposition candidate Alexander Milinkevich, Razumov said that Lukashenko was involved in the disappearance of opposition politicians Viktor Gonchar, Anatoly Krasovsky, and Yuri Zakharenko. Razumov has been in jail since March 14.

Opposition Coalition

16. Opposition Leaders discuss threats to Belarus' independence with officials in Brussels

On June 21, following a meeting in Brussels with European Commission President Jose Manuel Barroso, Belarusian opposition leader Aleksandr Milinkevich told reporters that the EU and the United States should declare any Belarusian referendum on a proposed state union with Russia to be illegal and described such a referendum as a threat to Belarusian independence. Milinkevich also called upon the Belarusian government to release 17 political prisoners thrown in jail after the March election protests. Milinkevich and Vintsuk Vyachorka, leader of the Belarusian Popular Front, also met with several EU committee chairs to discuss possible projects to support civil society in Belarus.

17. Belarusian Party of Communists Seek More Consolidation of Opposition Forces

On June 18, the Central Committee of the Belarusian Party of Communists (BPC) announced that BPC's principal goals are the

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further consolidation of opposition forces and strengthening the role of the left wing of the opposition alliance. BPC leader Sergei Kalyakin asserted that the nationwide opposition campaign led by Aleksandr Milinkevich failed to set specific goals and strategies. Kalyakin criticized an attempt to merge the BPC with the pro-government Communist Party of Belarus (CPB) as stage-managed by the Lukashenko government. CPB Central Committee Secretary Georgy Atamanov urged the BPC send representatives to a

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July 15 conference on the merger. However, BPC to leaders threatened to expel from the party all members participating in the conference. The Central Committee also ordered BPC chapters to prepare for local elections tentatively scheduled for January 14, 2007.

Economy

18. Belarus' Oil Product Export Prices Up 40.5 Percent on Year

On June 22, an official with Belarus' Statistics Ministry reportedly told Prime-Tass that Belarus' average contract prices of oil product exports rose 40.5 percent on the year between January and April to USD 424 per ton and that average contract prices of crude oil imports increased 49.3 percent to USD 258 per ton. The prices of oil products exports to the Commonwealth of Independent States (CIS) reached USD 533 per ton, an increase of 41.4 percent on the year between January and April, and prices of oil products exports to foreign non-CIS countries rose to USD 419 per ton, up 39 percent on the year. Oil imports from Russia rose 19.4 percent to 7.304 million tons. Belarus exported 5.181 million tons of oil products between January and April, a rise of 11.4 percent. Exports to the CIS countries jumped nine times to 224,200 tons, while exports to non-CIS countries reached 4.957 million tons, up

9.1 percent.

¶9. Statistics Ministry claims 32,000 small enterprises in Belarus

The Belarusian Statistics Ministry announced that the number of small enterprises shrank to 32,400 on April 1 from 33,000 at the end of 2005. The small business sector reportedly employed around 379,500 people. According to the Economic Ministry, small businesses accounted for six percent of the country's total industrial output, 11.3 percent of the retail turnover, 14.1 percent of exports, and 31.6 percent of imports. Small business' share in domestic sales was 19.1 percent. About 41 percent of all small enterprises were engaged in trade and food services, 23.5 percent in industrial production, 12.3 percent in construction, 5.5 percent in transport services, and one percent in farming. Half of all small enterprises are based in Minsk and 11.5 percent in the Minsk region. About 182,000 businesses were sole proprietorships as of May 1, 2006, an increase of 4,092 since the beginning of the year. According to the Belarusian government, small enterprises paid 200 billion rubels in taxes since January 1.

¶10. Belarus To Increase Shipment of Potash Fertilizers through Klaipeda Port

On June 20, during the second Belarusian-Lithuanian economic forum, Belarusian Potassium Company's Deputy Director General for Logistics, Sergei Sobol, announced Belarus is ready to transship at least 1.8 million tons of potash fertilizers through the Klaipeda seaport. Sobol noted that about 1.3 million tons of fertilizer were exported through Klaipeda last year. According to Sobol, Belarus and Lithuania are interested in expanding cooperation between the Klaipeda port and Belarusian Potassium Company and that Belarus requested Lithuania to discount tariffs for Belarusian cargos.

Society

¶11. Belarusian Lawmaker Opposes Longer School Program

The chair of the Standing Committee on International Affairs and National Security, Nikolai Cherginets, urged the government to reconsider its decision to institute a twelve-year school education program on the grounds that longer curricula would be onerous for young women. Under the new program schoolchildren would begin school at six or seven years of age and finish at 18 or 19. Cherginets cited statistical data suggesting that up to 25 percent of Belarusian women aged 18 or 19 are married and asked members of Belarus' parliament, "How will pregnant schoolgirls endure the heavy stress of graduation tests, how will they take university admission exams? General education was a twelve-year program during the Soviet era but was extended to 11 years in the early 1990s.

¶12. Government Bans Sale of Beer to Persons Under 18

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On June 17, a directive adopted by the Belarusian Council of Ministers banned the sale of beer and other low-alcohol drinks to persons under 18 years of age. Issued in March, the directive also prohibits the sale of such beverages in educational and healthcare institutions, theaters, industrial companies' buildings, governmental agencies, construction sites, sports facilities, filling stations, mobile retail outlets and vending machines. The Health Ministry proposed the ban two years ago to curb the growing use of alcohol among teenagers.

Quote of the Week

¶13. Belarus' MFA Press Secretary Andrei Popov offered this comment on the US Presidential Executive Order authorizing the Secretary of

the Treasury to designate and freeze property of Belarusian President Alexander Lukashenko in the United States:

"It is no news for us. The United States obviously continues the policy of disseminating false information about Belarus. This is why we confirm the proposal put forward earlier by the president of Belarus to donate these alleged funds, if found, of course, for the needs of disadvantaged U.S. citizens."

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